

**Texas Real Estate Commission**  
**Chapter 535, GENERAL PROVISIONS**  
**Rules Adopted at the November 15, 2010 Commission Meeting**

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**Subchapter A. Definitions**  
**§535.1. Definitions.**

The Texas Real Estate Commission (TREC or the commission) adopts new §535.1, regarding Definitions, without changes to the proposed text as published in the September 10, 2010, issue of the *Texas Register* (35 TexReg 8248) and will not be republished.

The subchapter name is renamed from "General Provisions Relating to the Requirements of Licensure" to "Definitions". The new subchapter name and new rule are adopted as part of a comprehensive rule review of 22 TAC Chapter 535. New §535.1 provides definitions for commonly used terms and phrases in Chapter 535. Generally speaking, the new rule corrects typographical errors, reorganizes, clarifies, and streamlines existing rules, and updates cites to new laws and codes.

The reasoned justification for the amendments to the rules is to make them more streamlined and readable.

No comments were received on the rule as proposed.

The new rule is adopted under Texas Occupations Code, §1101.151, which authorizes the Texas Real Estate Commission to make and enforce all rules and regulations necessary for the performance of its duties and to establish standards of conduct and ethics for its licensees in keeping with the purpose and intent of the Act to ensure compliance with the provisions of the Act.

The statutes affected by this adoption are Texas Occupations Code, Chapter 1101 and Chapter 1102. No other statute, code or article is affected by the adoption.

**§535.1. Definitions.** The following terms and phrases, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise.

(1)Act--Texas Occupations Code, Chapter 1101.

(2)Business entity--A corporation, limited liability, partnership or other entity authorized under the Texas Business Organizations Code to engage in the real estate brokerage business in Texas and required to be licensed under Texas Occupations Code, Chapter 1101.

(3)Chapter 1102--Texas Occupations Code, Chapter 1102.

(4)Compensation--A commission, fee or other valuable consideration for real estate brokerage services provided by a license holder under the Act.

(5)Denial of a license--To disapprove an applicant for a broker, salesperson, apprentice inspector, real estate inspector, or professional inspector for failure to satisfy the commission as to the applicant's honesty, trustworthiness and integrity, or, if the applicant seeks registration as an easement or right-of-way agent, to disapprove an application for registration under §535.400 of this title (relating to Registration of Easement or Right-of-Way Agents).

(6)Inactive broker--A licensed broker who does not sponsor salespersons or perform any activities for which a broker license is required and who has been placed on inactive status by the commission.

(7)MCE--Mandatory Continuing Education required under the Act.

(8)Mailed--Sent by United States Mail to the last known mailing address or by email to the last known email address of a license holder under Chapter 1101 or Chapter 1102, or applicant, unless the commission is otherwise required by law to notify such persons by United States Mail.

(9)Place of business--A place where the licensee meets with clients and customers to transact business.

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(10)Promptly--Three (3) calendar days unless otherwise defined in a specific chapter or section.

(11)Reasonable time--Ten (10) calendar days unless otherwise defined in a specific chapter or section.

(12)Rule--Any commission statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedure or practice requirements of the commission and is filed with the Texas Register, including 22 TAC Chapters 533, 534, 535, and 537.

(13)SAE--Salesperson Annual Education required under the Act.

(14)State--One of the states, territories, and possessions of the United States and any foreign country or governmental subdivision thereof.

(15)Trust account--Any trust, escrow, custodial, property management account, or other account in which a licensee holds money on behalf of another person.

(16)Trust funds--Clients' money, earnest money, rents, advance fees, security deposits, or any money held on behalf of another person.

This agency hereby certifies that the proposal has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Filed with the Office of the Secretary of State on December 6, 2010

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